



April 9, 2019

Sent Via Electronic Delivery:

regs.comments@occ.treas.gov

Legislative & Regulatory Activities Division
Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, D.C. 20219
Re: Docket ID OCC-2018-0040

comments@fdic.gov

Robert E. Feldman, Executive Secretary
Attn: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, D.C. 20429
Re: RIN 3064-AE91

regs.comments@federalreserve.gov

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, D.C. 20551
Re: Docket ID No. R-1638

Re: Community Bank Leverage Ratio

Dear Ladies and Gentlemen,

On behalf of the Oregon Bankers Association (“OBA”) and our membership of Oregon’s state and nationally-chartered banks, we appreciate the opportunity to comment on the above-referenced proposed rule establishing a community bank leverage ratio (“CBLR”) of nine percent for most depository institutions and depository institution holding companies having less than \$10 billion in total consolidated assets. We appreciate the agencies’ work on this issue and do not object to a nine percent threshold, although we support a threshold of eight percent to more closely align with current risk-based capital requirements for well-capitalized banks.

Implemented as intended, we agree with the agencies’ statement that this rule “would simplify regulatory requirements and provide material regulatory relief to qualifying community banks that opt into the CBLR framework.”

That said, the CBLR framework should be flexible and optional. As provided in the agencies’ proposal, banks can opt-in or opt-out of the CBLR. This is key, and community banks should be

permitted to take advantage of this optionality at any time. Banks should not be pressured to opt-in, nor should they require regulatory approval or face penalty for opting out. This was not the intent of Section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act.

There are valid and strategic reasons a bank would not choose to opt-in to a CBLR. It is important that these banks are not pressured by examiners to opt-in simply because their peers have done so. Through examiner training and other tools, the Agencies must reinforce the optionality described within the proposal.

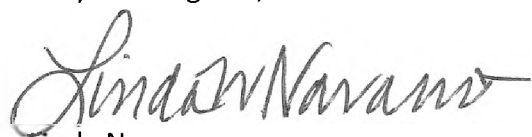
We are particularly concerned that the proposal creates a new and separate prompt corrective action ("PCA") framework for banks that have opted into the CBLR regime, but subsequently fall below the nine percent threshold. The new PCA program is unnecessary, adds additional complexity, and could lead to unintended consequences. In some respects, it negates the regulatory relief intended by Section 201. It should be removed from the proposal, and banks should be allowed to opt-out of the CBLR.

Conclusion

While we do not object to the nine percent threshold in the proposed rule, we believe that an eight percent threshold is more flexible and reinforces optionality and the burden reducing intent of CBLR. Congress did not intend for the CBLR to be another tool for setting minimum capital expectations. At the same time, the CLBR proposal is not intended to reduce regulatory capital. It is intended as regulatory relief and should be viewed as such, preserving optionality and avoiding unnecessary additional PCA framework.

Thank you for the opportunity to comment on the proposed rule. If you have any questions, please feel free to contact me.

Very best regards,

A handwritten signature in dark ink, reading "Linda Navarro". The signature is fluid and cursive, with the first name "Linda" and last name "Navarro" clearly distinguishable.

Linda Navarro

President and CEO

Oregon Bankers Association & Community Banks of Oregon